SNET's local numbers had been ported under interim number portability out of close to 2.2-million lines (less than seven tenths of one percent), and only 28,200 local service lines (1.3%) are being resold by CLECs, *including resold business lines*. Four years after SNET's entry into the interLATA market, it appears that SNET still provides the underlying facilities that serve some 99.3% of Connecticut's local service lines, and is still the retail carrier of record for some 98.5% of the local service lines in Connecticut. Huber may consider this a noteworthy level of competitive activity, but certainly few others would agree.

11. Connecticut is of course not the only place where local competition has failed to take root. Although the Connecticut competitor penetration rates are slightly greater than those in many other states, in absolute terms the actual number of competitor-provided access lines is still *de minimis*, especially when compared with the 35%-plus rate of capture of interLATA long distance customers by SNET.

12. *Connecticut is not the only state in which AT&T has offered residential and business service, and, as in other states, AT&T has not been able to continue marketing of residential and business services in Connecticut.* Huber contends that Connecticut is the only state in which "the nations's largest telecommunications company" provided both residential and business service.[7] This statement is offered as evidence that SNET's entry into the local service market has spurred local competitive activity that would not have

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7. Peter Huber, *Telecommunications Competition in Connecticut: A Case Study in Getting it Right*, (March 27, 1998) at iii, 1.

occurred otherwise. Huber is wrong. AT&T has marketed both residential and business service not only in Connecticut, but also in California, Illinois, Michigan, New York, Texas, and probably others as well.[8] Moreover, due to the anticompetitive behavior of the incumbent LEC and local market entry barriers, AT&T has been forced to withdraw its marketing efforts not only in BOC states, but in Connecticut as well.

13. *Connecticut may have moved quickly to implement 1+ intraLATA dialing once intraLATA competition was authorized, but it was one of the last states in the nation to allow competition for intraLATA toll service at all.* Huber contends that ETI's characterization of Connecticut as "one of the last in the nation" to open its intraLATA toll markets to competition is incorrect, countering that Connecticut was one of the first states to implement 1+ intraLATA competition (citing them as twelfth in completing implementation).[9] Connecticut consumers were clearly among the very last in the nation to have a choice of intraLATA toll service providers - competition with SNET for this traffic was *prohibited by law* until July, 1993, almost ten years after consumers in neighboring Massachusetts and New York were able to have intraLATA calls carried by someone other than their incumbent LEC. Once those markets were opened, the Connecticut DPUC moved relatively quickly to adopt and implement intraLATA 1+ presubscription; however, as ETI

8. Huber does qualify his contention by asserting that Connecticut "is the one state in which AT&T has offered residential and local service *statewide*" [Huber response, at iii, emphasis supplied]. Considering Connecticut's exceptionally small geographic footprint when compared with, for example, California or Illinois, the importance of this "statewide" point is, to be charitable, rather obscure.

9. Huber response, at iv, 15.

noted and as Huber has ignored (both in his original paper and in his response), the large drop in SNET's residential intrastate toll rates is directly linked to the implementation of 1+, and does not appear to have been specifically driven by or related to AT&T's entry into the *local* service market.

14. *The SNET interLATA prices are generally no better than those offered by the other long distance carriers in Connecticut, even accounting for the 1-second timing available in SNET's plan.* Huber contends that ETI ignored the 1-second timing available to SNET customers in comparing the interLATA prices offered to SNET long distance customers vs. the 1-minute timing applicable to prices offered by other IXCs, claiming that the ETI report "failed to even footnote" the 1-second timing. This criticism is provided in an attempt to disprove ETI's showing that interLATA prices available to Connecticut subscribers are no lower than prices available to long distance subscribers nationwide. Huber is wrong. The interLATA pricing comparison was conducted in a manner that included the differential timing increments, *and SNET's prices were still not the lowest available for the vast majority of usage scenarios.* ETI's analysis clearly demonstrates that the "average price per minute" yielded by AT&T's "One-Rate Plan" (a plan offered with a $0.15 per minute price and full minute timing increment) is always calculated as something greater than $0.15 - reflecting the rounding up of calls of various lengths to the next full minute. For example, Table 3 at page 15 of the ETI report shows the price per minute of a 9.2-minute call at $0.158. This was calculated by adding 0.5 minutes to the average call duration for each scenario and then multiplying this adjusted average call duration (i.e., 9.7 minutes) by the nominal per-minute

rate ($0.15). This product was then divided by the actual average call duration (i.e., 9.2 minutes) to obtain an accurate per-minute billing rate. This calculation permits prices that are quoted on the basis of full-minute billing to be compared directly with prices based upon 1-second billing. Had ETI ignored the "one minute vs. one second" issue, the price per minute for AT&T's "One Rate" plan would have been exactly $0.15, and would not have been directly comparable with SNET's rates.

15. In addition to misunderstanding and hence incorrectly assessing the interLATA pricing analysis conducted by ETI, Huber takes issue with ETI's demonstration that AT&T's "One Rate Plus" is "sometimes" less expensive than SNET's prices, strangely countering that it "is never cheaper than SNET's rates for most customers."[10] There is no inconsistency between these points. More importantly, however, Huber misses the point of the ETI interLATA pricing analysis: The analysis was not conducted to determine whether SNET or AT&T had the lowest prices, but rather to determine whether interLATA prices available to customers in Connecticut (from all of the major long distance providers, including SNET) were lower than prices available to subscribers in other parts of the country where the incumbent LEC was not permitted to offer interLATA long distance services.

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10. Huber response, at 5-6. Huber also offers the opinion, without any support, that the ETI analysis uses two AT&T pricing plans "that a majority of AT&T Connecticut customers do not in fact use." He ignores the more fundamental point that AT&T's pricing plans are available to *all consumers*. Moreover, he also mistakenly claims that "many" customers don't make enough calls to economically use the plans, even though the most heavily marketed A&T plan -- "One-Rate" -- has no monthly fee or volume discounts associated with it, so that the $0.15 per minute price (and nothing else) even applies to a customer making as little as a single call per month.

ETI's analysis convincingly proves that they are not. While AT&T's "One-Rate Plus" yielded the lowest average price per minute for only one of the twelve usage scenarios modeled, SNET's plans yielded the lowest prices in only four of those scenarios. For the remaining nine scenarios, neither AT&T nor SNET offered the lowest pricing; instead the lowest pricing was offered by one of the other interLATA carriers analyzed by ETI. The indisputable conclusion is that while SNET's entry into the interLATA market in Connecticut may have offered subscribers some additional variations in the structure of long distance plans, it did nothing to lower the level of prices for long distance service overall, and produced no special "enrichment" for Connecticut consumers, as Huber claims.

16. *Local service prices in Connecticut have not declined because of SNET's entry into the interLATA market, and are not generally lower than prices offered to customers in other parts of the country.* Huber attempts to discredit ETI's analysis of local service pricing issues, contending that "in a bizarre omission" the ETI analysis of local service pricing did not include elements that are "mandatory components of monthly local exchange service in every state," naming touch-tone, state subscriber line charges, and 911 surcharges.[11] Huber is wrong, but more importantly, his criticism is irrelevant. Touch tone charges are not mandatory,[12] and state subscriber line charges are virtually non-existent (they

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11. Huber response, at 8. The omission of the unlimited local calling plan charge for Delaware identified by Huber was admittedly an error; however, its inclusion does not alter the fact that Delaware rates are still significantly lower than those available to Connecticut residential customers.

12. Touch tone is bundled as a basic service feature in some states (e.g., California), but where it is separately priced it is offered as an optional vertical feature.

are found in only two states and are not a component of the rate structure in any of the states used in the analysis). Huber is particularly wrong with respect to the treatment of 911 surcharges. ETI properly excluded 911 surcharges from its analysis, because the funding of 911 is a matter of local government policy, and is handled in a variety of ways by the various state and municipal governments that utilize this service for emergency reporting and assistance. As such, the funding of 911 has nothing to do with the cost, market prices, or the presence or absence of competition for local services.[13] ETI's analysis was not designed to make the local service offerings across each of the states identical - an exercise that would have required many other adjustments.[14] Rather, ETI's purpose was simply to demonstrate

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13. In some states, such as Connecticut, 911 is funded through surcharges applied to telephone bills or may even be specifically "bundled" into the local service monthly rate; in others, 911 costs are paid via the property tax or other taxation-based funding mechanism. In Massachusetts, 911 funding is bundled into the basic monthly telephone rate, and no separate surcharge is stated. Mass. DPU 91-68, July 12, 1991. It would make no sense to include 911 billing surcharges when comparing local telephone rates across several states with different methods of funding. In fact, in states such as Massachusetts where the 911 cost is entirely bundled into the basic local telephone rate, the correct treatment would be to exclude the 911 portion. Had ETI done this, the local rate for Massachusetts would have been lower.

14. Using just Massachusetts and Connecticut as examples, in addition to adding $0.98 in touch tone charges to the Massachusetts basic rate to make it comparable to the SNET rate that includes bundled touchtone, it would have been necessary to add the price of the average quantity used of the 10 Directory Assistance calls that are bundled into the Massachusetts basic local service price to the Connecticut prices (at SNET's $0.50 per call DA charge), and to
exclude from the Massachusetts local service price the 911 funding that is bundled into it. Differences in local calling area scope and the relative quantity of intraLATA toll calling resulting therefrom would also have to have been taken into account (i.e., the larger the local calling area, the less intraLATA toll usage that a "typical" customer would make). As we noted in our original report, Delaware local calling areas are significantly larger than those available in SNET territory, therefore one would expect significantly less intraLATA intrastate calling in Delaware, making those rates even lower than those we (and Huber) have

that local rates in Connecticut were generally in line with, and in some cases higher than, local rates in other states in which the incumbent Bell Operating Company remains excluded from long distance market entry. *Nothing in Huber's response diminishes or refutes this indisputable fact.*

17. However, even correcting for Huber's suggestions has no impact upon ETI's results. Although Huber contends that ETI had made certain errors and goes to the trouble of graphing his results, he fails to acknowledge that his revised numbers continue to corroborate ETI's initial finding[15] — that local service prices vary and that the prices paid by subscribers in Connecticut for local services did not tend to be any lower than prices paid for local service by subscribers in other states where the incumbent LEC has not been allowed to enter the long distance market.[16] Table 1 below contains the results of the initial ETI analysis, with Huber's suggested "improvements" factored in (but noting for the record

estimated.

15. In fact, ETI's study indicated that local service prices in Colorado and Massachusetts were higher than those in Connecticut. Huber's "corrections" provide no revelation here.

16. One who hadn't read the ETI report might well read Huber's critique to be saying that the ETI analysis had shown prices in Massachusetts, Colorado and Arizona to be *lower* than the prices in Connecticut absent his "corrections." But the ETI study had shown that prices in two of those three states are higher than in Connecticut, and even after checking Huber's contentions with respect to Arizona with regulators in that state, ETI was unable to reproduce Huber's claimed (but undocumented) result of higher overall prices in Arizona. We would note, incidentally, that local calling areas in both Arizona and Colorado are substantially larger than those extant in Connecticut.

that touch tone charges are not a "mandatory" component of the local service price, and that other offsetting price differentials also likely exist among the states in question).

Table 1
Comparison of SNET Residential Local Service Rates in Connecticut To Local Service Rates in States that have Larger Local Calling Areas

State	Rates Presented in Original ETI Report	Touch-tone Service	State Subscriber Line Charge	911/E911 Charges	Revised Total for Local Exchange Service
Connecticut	$18.03	N/A	N/A	.30	$18.33
Massachusetts	$20.35	$0.98	N/A	Bundled	$21.33
Colorado	$18.43	N/A	N/A	$0.35	$18.78
Arizona	$16.68	N/A	N/A	$0.21	$16.89
California	$14.75	N/A	N/A	$0.18	$14.93
Florida	$14.15	$1.00	N/A	varies by county	$15.15
Delaware	$15.12	$0.60	N/A	$0.50	$16.22

1) 911 surcharges in CA are funded through a billing surcharge of 0.72% of all intrastate charges; amount shown assumes $25.00 in average total intrastate charges.
911 surcharges in AZ are 1.25% of local exchange charges.

2) Monthly Charge for Delaware includes a monthly flat-rate usage charge of $2.22.

18. *SNET's prices for local service do recover all of the forward-looking costs identified by AT&T's model.* In its original report, ETI challenged the contention by Huber that SNET and other ILECs lose money on local services because they are forced to set prices

below cost.[17] The absurdity of Huber's claim was highlighted by comparing his own estimate of the average revenue per residential access line of $31.50 (consisting of the basic monthly charge, the SLC, intra- and interstate access, and vertical services and features) with the FCC's estimate of the forward-looking cost of a local exchange access line in Connecticut of $13.23.[18] In his most recent paper, Huber criticized this comparison as failing to account for other costs associated with providing local exchange service, and suggests that AT&T's own Hatfield Model predicts a total cost for local service in Connecticut of $20.18, an amount that Huber claims to be higher than the price that Connecticut regulators permit SNET to charge for local service (i.e., $18.03).[19] Huber's comparison of the $20.18 Hatfield *cost* against an $18.03 *rate* is inconsistent on its face. The correct comparison of the $20.18 cost would be with the average *total* revenue per residential access line given by Huber himself as including the basic monthly rate plus "$4 to $5 ... on fees charged to provide interexchange access" plus "another $4 per average residential line per month — on vertical services like call waiting and Caller ID,"[20] bringing the total average per-line revenue to between $26.03 and $27.03. SNET's revenue per residential access line is thus priced more than $6 *above* the forward-looking incremental cost of this service; if the market for

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17. ETI Study, at 19.

18. *Id.*, at 20.

19. Huber response, at 9.

20. Huber paper, at 14, 16.

residential service in Connecticut were truly competitive as Huber claims, the market-driven *competitive price* would be a lot closer to that $20.18 *cost* than to the $26-$27 *monopoly price* that SNET is permitted (both as an economic and as a regulatory matter) to extract from its captive Connecticut residential subscribers.

19. *Prices available to customers in Delaware for a basket of local, interLATA and intraLATA service are lower than prices available to customers in Connecticut for a comparable basket.* Huber contends that ETI's comparison of prices for a basket of local, intraLATA and InterLATA services available to customers located in Delaware vis-a-vis those offered to Connecticut customers is flawed for a variety of reasons, and that Connecticut customers actually pay 5% less than those in Delaware.[21] As is typical, Huber offers no documentation that would allow anyone to replicate his "analysis" or to corroborate or dispute his findings, and in fact, as discussed below, a close reading of his text offers contradictions to his contention. Huber's criticisms appear to go specifically to the calculation of local service prices, and the amount of intraLATA toll usage assumed in the ETI sample baskets, but those criticisms fail to impeach the ETI analysis and conclusions. Huber does not dispute ETI's finding that intraLATA prices available to customers in Delaware are lower than the intraLATA long distance prices available to customers in Connecticut - his issue here is with

21. Huber response, at 11.

what he believes are excessive volumes of such calling used in the sample "baskets." Interestingly, a footnote to his discussion of the intraLATA pricing quantities concludes with the thought that reducing the amount of intraLATA calling used in the samples would "reduce" the differential between the Delaware and Connecticut prices.[22] He does not assert, nor could he, that reductions in the volumes of traffic would eliminate that differential. Finally, as demonstrated in the table above, even with Huber's suggested "additions" to the local service prices in Delaware, those prices are still close to $2.00 per month below the prices in Connecticut. Such being the case, even without the detailed analysis of sample baskets of usage contained in the ETI analysis, it is clear that prices available to customers in Delaware are lower. Table 2 below replicates the original ETI analysis, using the "corrected" Delaware local service price, and Huber's suggested 34 minutes of intraLATA toll service, and 2 hours of interLATA toll calling. As the table demonstrates, the price for this "bundle" of services offered to a residential customers in Delaware are still lower than the price at which a customer would be able to purchase a comparable bundle of services from SNET, despite the greater level of competition that Huber claims to prevail in Connecticut by virtue of SNET's offering of long distance service.

22. Huber response, at 10, footnote 65.

Table 2
Comparison of Aggregate Price for Purchase of Sample Telecommunications "Bundles"
SNET - Connecticut and Bell Atlantic - Delaware

	SNET - Connecticut	Bell Atlantic - Delaware
Flat Rate Local Service	$18.03	$16.22
34 Mins of IntraLATA usage	$4.51	$2.72
2 Hours of InterLATA usage	$18.00	$16.95
Total	$40.54	$35.89

Conclusion

20. The fundamental conclusion of ETI's study remains solidly intact notwithstanding Huber's persistence in seeking to portray the utter lack of effective competition in Connecticut as something that it is not. SNET has indeed captured a large share of the interLATA toll market, but there is no evidence that Connecticut consumers pay less for their long distance services as a result. More importantly, without the incentives presented by Section 271, SNET has systematically blocked efforts at competitive local entry and has restructured itself so as to erect even more formidable entry barriers in the future. Without affording providers other than SNET with the ability to offer competing bundles of local and long distance services, the long distance carriers are being forced to compete with SNET with their hands solidly tied behind their backs. The Connecticut experience thus confirms the fundamental wisdom of policies that are intended to assure the existence of sustainable competition in the local market before the incumbent LEC is allowed into long distance.

The foregoing statements are true and correct to the best of our knowledge, information and belief.

LEE L. SELWYN

SUSAN M. GATELY

HELEN E. GOLDING

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

Sworn to before me this 27th day of April, 1998.

Ellen B Wasserman
Notary Public

My Commission expires 4/1/99

APPENDIX 1

Statement of Qualifications
Lee L. Selwyn

Appendix 1

Statement of Qualifications

DR. LEE L. SELWYN

Dr. Lee L. Selwyn has been actively involved in the telecommunications field for more than twenty-five years, and is an internationally recognized authority on telecommunications regulation, economics and public policy. Dr. Selwyn founded the firm of Economics and Technology, Inc. in 1972, and has served as its President since that date. He received his Ph.D. degree from the Alfred P. Sloan School of Management at the Massachusetts Institute of Technology. He also holds a Master of Science degree in Industrial Management from MIT and a Bachelor of Arts degree with honors in Economics from Queens College of the City University of New York.

Dr. Selwyn has testified as an expert on rate design, service cost analysis, form of regulation, and other telecommunications policy issues in telecommunications regulatory proceedings before some forty state commissions, the Federal Communications Commission and the Canadian Radio-television and Telecommunications Commission, among others. He has appeared as a witness on behalf of commercial organizations, non-profit institutions, as well as local, state and federal government authorities responsible for telecommunications regulation and consumer advocacy.

He has served or is now serving as a consultant to numerous state utilities commissions including those in Arizona, Minnesota, Kansas, Kentucky, the District of Columbia, Connecticut, California, Delaware, Maine, Massachusetts, New Hampshire, Vermont, New Mexico, Wisconsin and Washington State, the Office of Telecommunications Policy (Executive Office of the President), the National Telecommunications and Information Administration, the Federal Communications Commission, the Canadian Radio-television and Telecommunications Commission, the United Kingdom Office of Telecommunications, and the Secretaria de Comunicaciones y Transportes of the Republic of Mexico. He has also served as an advisor on telecommunications regulatory matters to the International Communications Association and the Ad Hoc Telecommunications Users Committee, as well as to a number of major corporate telecommunications users, information services providers, paging and cellular carriers, and specialized access services carriers.

Dr. Selwyn has presented testimony as an invited witness before the U.S. House of Representatives Subcommittee on Telecommunications, Consumer Protection and Finance and before the U.S. Senate Judiciary Committee, on subjects dealing with restructuring and deregulation of portions of the telecommunications industry.

In 1970, he was awarded a Post-Doctoral Research Grant in Public Utility Economics under a program sponsored by the American Telephone and Telegraph Company, to conduct research on the economic effects of telephone rate structures upon the computer time sharing industry. This work was conducted at Harvard University's Program on Technology and Society, where he was appointed as a Research Associate. Dr. Selwyn was also a member of the faculty at the College of Business Administration at Boston University from 1968 until 1973, where he taught courses in economics, finance and management information systems.

Dr. Selwyn has published numerous papers and articles in professional and trade journals on the subject of telecommunications service regulation, cost methodology, rate design and pricing policy. These have included:

"Taxes, Corporate Financial Policy and Return to Investors"
National Tax Journal, Vol. XX, No.4, December 1967.

"Pricing Telephone Terminal Equipment Under Competition"
Public Utilities Fortnightly, December 8, 1977.

"Deregulation, Competition, and Regulatory Responsibility in the Telecommunications Industry"
Presented at the 1979 Rate Symposium on Problems of Regulated Industries - Sponsored by: The American University, Foster Associates, Inc., Missouri Public Service Commission, University of Missouri-Columbia, Kansas City, MO, February 11 - 14, 1979.

"Sifting Out the Economic Costs of Terminal Equipment Services"
Telephone Engineer and Management, October 15, 1979.

"Usage-Sensitive Pricing" (with G. F. Borton)
(a three part series)
Telephony, January 7, 28, February 11, 1980.

"Perspectives on Usage-Sensitive Pricing"
Public Utilities Fortnightly, May 7, 1981.

"Diversification, Deregulation, and Increased Uncertainty in the Public Utility Industries"
Comments Presented at the Thirteenth Annual Conference of the Institute of Public Utilities, Williamsburg, VA - December 14 - 16, 1981.

"Local Telephone Pricing: Is There a Better Way?; The Costs of LMS Exceed its Benefits: a Report on Recent U.S. Experience."
Proceedings of a conference held at Montreal, Quebec - Sponsored by Canadian Radio-Television and Telecommunications Commission and The Centre for the Study of Regulated Industries, McGill University, May 2 - 4, 1984.

"Long-Run Regulation of AT&T: A Key Element of A Competitive Telecommunications Policy"
Telematics, August 1984.

"Is Equal Access an Adequate Justification for Removing Restrictions on BOC Diversification?"
Presented at the Institute of Public Utilities Eighteenth Annual Conference, Williamsburg, VA - December 8 - 10, 1986.

"Market Power and Competition Under an Equal Access Environment"
Presented at the Sixteenth Annual Conference, "Impact of Deregulation and Market Forces on Public Utilities: The Future Role of Regulation" Institute of Public Utilities, Michigan State University, Williamsburg, VA - December 3 - 5, 1987.

"Contestable Markets: Theory vs. Fact"
Presented at the Conference on Current Issues in Telephone Regulations: Dominance and Cost Allocation in Interexchange Markets - Center for Legal and Regulatory Studies Department of Management Science and Information Systems - Graduate School of Business, University of Texas at Austin, October 5, 1987.

"The Sources and Exercise of Market Power in the Market for Interexchange Telecommunications Services"
Presented at the Nineteenth Annual Conference - "Alternatives to Traditional Regulation: Options for Reform" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1987.

"Assessing Market Power and Competition in The Telecommunications Industry: Toward an Empirical Foundation for Regulatory Reform"
Federal Communications Law Journal, Vol. 40 Num. 2, April 1988.

"A Perspective on Price Caps as a Substitute for Traditional Revenue Requirements Regulation"
Presented at the Twentieth Annual Conference - "New Regulatory Concepts, Issues and Controversies" - Institute of Public Utilities, Michigan State University, Williamsburg, VA, December, 1988.

"The Sustainability of Competition in Light of New Technologies" (with D. N. Townsend and P. D. Kravtin)
Presented at the Twentieth Annual Conference - Institute of Public Utilities Michigan State University, Williamsburg, VA, December, 1988.

"Adapting Telecom Regulation to Industry Change: Promoting Development Without Compromising Ratepayer Protection" (with S. C. Lundquist)
IEEE Communications Magazine, January, 1989.

"The Role of Cost Based Pricing of Telecommunications Services in the Age of Technology and Competition"

Presented at National Regulatory Research Institute Conference, Seattle, July 20, 1990.

"A Public Good/Private Good Framework for Identifying POTS Objectives for the Public Switched Network" (with Patricia D. Kravtin and Paul S. Keller) Columbus, Ohio: *National Regulatory Research Institute*, September 1991.

"Telecommunications Regulation and Infrastructure Development: Alternative Models for the Public/Private Partnership"
Prepared for the Economic Symposium of the International Telecommunications Union Europe Telecom '92 Conference, Budapest, Hungary, October 15, 1992.

"Efficient Infrastructure Development and the Local Telephone Company's Role in Competitive Industry Environment" *Presented at the Twenty-Fourth Annual Conference, Institute of Public Utilities, Graduate School of Business, Michigan State University, "Shifting Boundaries between Regulation and Competition in Telecommunications and Energy"*, Williamsburg, VA, December 1992.

"Measurement of Telecommunications Productivity: Methods, Applications and Limitations" (with Françoise M. Clottes)
Presented at Organisation for Economic Cooperation and Development, Working Party on Telecommunication and Information Services Policies, '93 Conference "Defining Performance Indicators for Competitive Telecommunications Markets", Paris, France, February 8-9, 1993.

"Telecommunications Investment and Economic Development: Achieving efficiency and balance among competing public policy and stakeholder interests"
Presented at the 105th Annual Convention and Regulatory Symposium, National Association of Regulatory Utility Commissioners, New York, November 18, 1993.

"The Potential for Competition in the Market for Local Telephone Services" (with David N. Townsend and Paul S. Keller)
Presented at the Organization for Economic Cooperation and Development Workshop on Telecommunication Infrastructure Competition, December 6-7, 1993.

"Market Failure in Open Telecommunications Networks: Defining the new natural monopoly," *Utilities Policy*, Vol. 4, No. 1, January 1994.

"The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers," (with Susan M. Gately, et al) a report prepared by ETI and Hatfield Associates, Inc. for AT&T, MCI and CompTel, February 1994.

"Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition," (Susan M. Gately, et al) a report prepared by ETI for AT&T, July 1995.

"Efficient Public Investment in Telecommunications Infrastructure" *Land Economics*, Vol 71, No.3, August 1995.

"Market Failure in Open Telecommunications Networks: Defining the new natural monopoly," in *Networks, Infrastructure, and the New Task for Regulation*, by Werner Sichel and Donal L. Alexander, eds., University of Michigan Press, 1996.

Dr. Selwyn has been an invited speaker at numerous seminars and conferences on telecommunications regulation and policy, including meetings and workshops sponsored by the National Telecommunications and Information Administration, the National Association of Regulatory Utility Commissioners, the U.S. General Services Administration, the Institute of Public Utilities at Michigan State University, the National Regulatory Research Institute at Ohio State University, the Harvard University Program on Information Resources Policy, the Columbia University Institute for Tele-Information, the International Communications Association, the Tele-Communications Association, the Western Conference of Public Service Commissioners, at the New England, Mid-America, Southern and Western regional PUC/PSC conferences, as well as at numerous conferences and workshops sponsored by individual regulatory agencies.

APPENDIX 2

Statement of Qualifications
Susan M. Gately

Statement of Qualifications

SUSAN M. GATELY

Susan M. Gately, Senior Vice President and Senior Consultant, has been employed at ETI since 1981. Her experience and expertise encompass a wide range of telecom policy issues. She has a detailed familiarity with the rate structures and operating characteristics of telephone companies. Ms. Gately has more than fifteen years of experience analyzing LECs' intrastate and interstate access tariffs and has participated in virtually every FCC proceeding on access charges. Ms. Gately is among the nation's foremost experts in access charge rate structure, methodology, and policy. Her initial responsibilities at ETI involved the tracking and analysis of state and federal rate activity; this analysis has given her a unique view of rate design issues and their impacts upon users of all sizes. For twelve years she has served as primary contact point and coordinator of ETI's client programs, a position which has given her a thorough understanding of the concerns and needs of telecommunications users. Ms. Gately has designed and presented training sessions for corporate users and public service commission staff in subject areas ranging from tariff structures and regulatory schemes to in-depth exploration of public policy issues. For the past seven years Ms. Gately has been involved in the analysis and design of pricing plans for large user custom network arrangements (i.e. Tariff 12).

Ms. Gately has also been extensively involved in the analysis of cost and operational data submitted by telephone companies in the context of regulatory proceedings, including the submission of expert testimony in state public utility proceedings. Her responsibilities have involved the analysis of telephone company cost data and cost study methodologies. Ms. Gately's work has included the development of alternative cost figures for the purpose of presenting alternative rate proposals. She has prepared direct testimony on local calling area expansion, affiliate transactions, survey and statistical methodologies, cost study methodologies, infrastructure and modernization, and new service pricing (including ISDN), access pricing, unbundled network element pricing, avoided retail costs for use in setting wholesale prices and other issues related to the opening of markets.

Ms. Gately has devoted a large amount of time to the analysis of the Interstate Access Tariffs (to non-price issues as well as the more traditional cost and rate questions) since the filing of the initial access tariffs in 1983. Ms. Gately has been responsible for the preparation of hundreds of sets of Comments to the FCC on issues ranging from access service pricing and rate structures, to price caps implementation, to access service costs (including cost allocation of regulated and non-regulated services) to the relaxed regulation of AT&T to alternative forms of regulation.

Throughout 1994, Ms. Gately, acting as a staff expert for the Delaware Public Service Commission Staff, participated actively in the litigation of rules implementing an alternative regulatory plan put in place by the Delaware state legislature (Dkt. 41). Ms. Gately was one of the designated staff negotiators during an attempted negotiated settlement of the rules using Alternate Dispute Resolution (ADR) techniques. Subjects addressed by the PSC's rulemaking included, among other things, the development of both incremental and fully distributed costing methodologies to be used by Bell Atlantic for use as incremental cost floors, and to ensure against cross-subsidization. She co-authored comments on behalf of staff regarding cost methodology, rate imputation, and unbundling requirements.

Ms. Gately was particularly active in the examination of LEC cost data and deployment plans for basic rate interface (BRI) ISDN service. Ms. Gately was actively involved in all facets of a New England Telephone BRI ISDN investigation that culminated in an affordable, widely deployed ISDN offering in the state of Massachusetts. She has also prepared and or sponsored testimony and comments relative to the deployment and pricing of ISDN services in Colorado, Tennessee, Texas, Ohio, and Connecticut. Ms. Gately also co-authored two separate ISDN position papers in conjunction with Dr. Lee L. Selwyn; *A Migration Plan for Residential ISDN* for the Electronic Frontier Foundation and *The Prodigy ISDN White Paper: ISDN Has Come of Age* for Prodigy Services Company.

More recently, Ms. Gately has been particulary involved in the development of avoided cost estimates for use in setting wholesale prices in a resale environment. Ms. Gately managed and co-authored (with Dr. Lee L. Selwyn) *Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition.* She has participated in resale proceedings and or interconnection arbitrations (relative to wholesale pricing) in California, Illinois, Ohio, Nevada, and Louisiana.

Ms. Gately has also been involved in the analysis of TELRIC-based unbundled network element prices on behalf of the Attorney General of Massachusetts and the Ohio Consumer Counsel's Office.

In addition to her regulatory work, Ms. Gately has been a frequent speaker at various industry gatherings including large conventions and more specialized seminars and conferences. The subject matters have included the following wide range of issues:

- negotiation of custom network contracts;
- LEC central office collocation possibilities;
- difficulties arising from the implementation of the FCC's price caps plan for LECs;
- principles for the pricing ISDN basic rate service.

In addition to the numerous documents Ms. Gately has authored in the past, she has co-authored a number of important pieces in the last few year. Specifically, Ms. Gately was co-author (and project manager) of a report authored jointly by ETI and Hatfield Associates, Inc. entitled: *The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers.* She also managed and co-authored (with Dr. Lee. L. Selwyn) *Access and Competition: The Vital Link* (submitted to the FCC in support of a petition by the Ad Hoc Telecommunications Committee requesting initiation of combined access charge and separation reform proceeding) as well as a paper entitled *LEC Price Cap Regulation: Fixing the Problems, Fulfulling the Promise* (co-authored with Dr. Lee L. Selwyn, Dr. David J. Roddy, Scott C. Lunquist and Sonia N. Jorge) filed in support of the Ad Hoc Telecommunications Committee's comments in the FCC's Docket 94-1 review of the LEC Price Caps Plan. Most recently, Ms. Gately managed and co-authored (with Dr. Lee L. Selwyn) *Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition.*

Prior to joining ETI, Ms. Gately was employed as an Economic Analyst at Systems Architects, Inc. Her work there primarily involved the analysis of economic data and survey results for the Health Care Finance Administration, the Social Security Administration, and the Department of Defense. Ms. Gately graduated from Smith College with a B.A. in Economics.

APPENDIX 3

Statement of Qualifications
Helen E. Golding